

FACT SHEET: ECONOMIC IMPACT OF ALGONQUIN COLLEGE IN THE OTTAWA VALLEY

What role does Algonquin College in the Ottawa Valley (ACOV) play in the local economy? The results of this study demonstrate that ACOV is a sound investment from multiple perspectives. Students benefit from improved lifestyles and increased earnings. Taxpayers benefit from an enlarged economy and lower social costs. And the community as a whole benefits from increased job and investment opportunities, higher business revenues, greater availability of public funds, and an eased tax burden.

ACOV stimulates the provincial and local economy

- ACOV employed 127 full and part-time faculty and staff during the analysis year, generating earnings of some \$5.0 million, plus an additional \$669,700 due to the associated multiplier effects. After adjusting the gross effect of college spending to account for alternative uses, it is estimated that Renfrew County receives a net of **\$3.7 million in regional income due to ACOV operations**.
- Roughly 200 of ACOV's students come from outside Renfrew County, bringing with them monies that would not have otherwise entered the local economy. ACOV's out-of-region students spend a total of \$1.5 million while attending ACOV, generating roughly **\$625,800 in regional income in Renfrew County**.
- ACOV activities encourage new business, assist existing business, and create long-term economic growth. The college enhances worker skills and provides customized training to local business and industry. It is estimated that the present-day Renfrew County workforce currently embodies around **853,000 credit hours of past and present ACOV training**.
- ACOV's past students who are still active in the regional workforce increase income in the Renfrew County economy by **\$137.4 million each year**. Associated multiplier effects increase income by another **\$12.4 million**.
- Altogether, the Renfrew County economy receives roughly **\$154.1 million annually in regional income** due to the past and present efforts of ACOV. Clearly it is accurate to describe ACOV as an engine of economic growth.

ACOV leverages taxpayer dollars

- For every credit earned by ACOV students, the provincial and local community will see **social savings amounting to some \$12 per year**, including savings associated with improved health, lower crime costs, and reduced welfare and unemployment.
- When aggregated across all exiting students, the Province of Ontario will benefit from **\$500,300 worth of avoided costs each year** over the course of the students' working career.

- Students benefit from higher earnings, thereby expanding the tax base and reducing the tax burden on provincial taxpayers. When aggregated together, students generate about **\$5.8 million annually in higher earnings** due to their ACOV education.

ACOV generates a return on government investment

- The provincial government allocated around **\$5.7 million** in support of ACOV in fiscal year 2005. For every dollar appropriated by the provincial government, taxpayers will see a **cumulative return of \$5.38** over the course of the students' working career.
- Provincial government support for ACOV will be fully recovered in **8.3 years**, in the form of higher tax receipts and avoided social costs.
- The provincial government will see a **rate of return of 17.3%** on its support for ACOV. This return compares very favorably with private sector rates of return on similar long-term investments.

ACOV is an engine of economic growth.

ACOV increases students' earning potential

- A total of 1,797 full-time and continuing ed students attended the college in fiscal year 2004-2005. As many as **84%** of these students stay in the region initially after they leave the college and contribute to the local economy.
- Studies demonstrate that education increases lifetime earnings. The average annual earnings of a student with a one-year certificate are **\$38,419**, or **35%** more than someone without a high school diploma or GED, and **12%** more than a student with a high school diploma. The average earnings of someone with a two-year diploma are **\$44,043**, or **54%** more than someone without a high school diploma or GED, and **29%** more than a student with a high school diploma or GED.
- ACOV students will see their annual income increase, on average, by about **\$138 per year** for every credit completed at ACOV during the analysis year.
- Over the next 39 years in the workforce, the average ACOV student's discounted lifetime earnings (i.e., future values expressed in present value terms) will increase **\$5.22 for every education dollar invested** (in the form of tuition, fees, books, and foregone earnings from employment).
- Students enjoy an attractive **16.1% rate of return** on their ACOV educational investment, and recover all costs (including wages foregone while attending) in **9.2 years**.